Eva Valley Joint Venture

Six Monthly Report
Period Ending 31 December 1989

Copies
#1 Billiton Australia
#2 Denehurst Limited
#3 Denehurst Darwin
#4

R.P. Singer
January 1990

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1. Introduction

This report summarises work completed and results obtained by Denehurst Limited on behalf of the Eva Valley Joint Venture during the six month period ended 31 December 1989.

Exploration work undertaken since July 1989 has comprised evaluation of the earlier drilling at Copperflower and a subsequent program of follow up reverse circulation drilling.

2. Tenement Status

EL 4457 had its fifth anniversary on 21 March 1989. At this time the Licence was reduced from 8 blocks to 4 blocks covering the Copperflower Prospect, the Ghost Gums Prospect, and the South West Area Prospect. The Licence is now in its final year with the expiry date being the 20 March 1990.

3. 1989 Exploration

In the six months period to June 30 1989 (already reported on), reverse circulation drilling was carried out at both Copperflower and Ghost Gums Prospects. The drilling at Ghost Gums yielded poor results and no further work was proposed. At Copperflower 7 holes gave mixed results including a best intersection of 13 metres at 3.38 g/t Au. A proposal for follow up RC drilling at Copperflower was presented to Billiton on 10 August 1989 who by letter of 15 August 1989 elected not to contribute. The proposed drilling program was carried out and funded by Denehurst.

4. Exploration July 1989 to December 1989

Eighteen reverse circulation holes totaling 756 metres were completed on seven lines spaced 25 metres apart. The majority of holes were aimed at infilling the previous 50 metre line spacing with a few being sited on previously drilled sections in an attempt to improve correlation. The drilling was targeted at achieving intersections in both the oxidised and primary zone on each intersection. Due to the difficulty in interpreting the earlier drilling and the apparent reversal of dip of the ore zone from the south to the north, a number of holes in the new program were drilled from east to west. All holes in the earlier program were drilled from west to east.

5. Results of Drilling

A summary of results from all holes from the current program (CFRC 8-25) along with final assays from the earlier phase of drilling (holes CFRC 1-7) is presented in Table 1. The latest drill results confirm patchy development of potentially economic to subeconomic mineralisation. This occurs in narrow zones of 1-4 metres width with grades in excess of 5 g/t gold within a much wider zone of lower grade material. Cross sections showing geology (figures 1 to 7) and assay results (figures 8 to 14) are included in the rear pocket.

Figure 15 shows an interpretive surface plan of the mineralisation at Copperflower. This plan incorporates information from the drilling programs along with earlier costean results. Mineralisation appears to be contained within two

Table 1

Copperflower Prospect
1989 Drilling Results

Cut off of 0.5 g/t Au or 1% Cu.

Hole No		From	To	Metres	Au g/t	Cu %
CFRC 1	ox	13	17	4	1.31	0.53
	prim	30	43	13	3.38	0.93
CFRC 2	ox/prim	25	32	7	1.63	0.28
CFRC 3	ox	4	16	12	0.22	2.21
CFRC 4	ox	0	18	18	1.59	1.35
CFRC 5	ox	5	9	4	0.03	1.31
CFRC 6	prim	28	29	1	2.03	1.45
CFRC 7	ox/prim	19	32	13	1.70	1.24
CFRC 8		no significant intersection				
CFRC 9		no significant intersection				
CFRC 10		no significant intersection				
CFRC 11	ox	12	24	12	0.80	0.39
	prim	51	55	4	1.44	0.26
CFRC 12	ox	4	9	5	0.92	0.69
	ox	13	14	1	2.90	0.75
	prim	28	36	8	2.04	0.45
CFRC 13	ox	12	20	8	3.60	0.84
CFRC 14		no significant intersection				
CFRC 15		no significant intersection				
CFRC 16		no significant intersection				
CFRC 17		no significant intersection				
CFRC 18	ox/prim	19	27	8	0.19	1.06
CFRC 19	ox	5	14	9	0.07	1.20
CFRC 20		no significant intersection				
CFEC 21	ox/prim	0	25	25	1.54	0.55
CFRC 22	ox	15	17	2	2.08	0.92
	prim	24	39	15	1.99	0.78
CFRC 23	ox	15	21	6	0.82	1.01
	prim	40	46	6	2.41	0.26
	prim	48	53	5	1.15	0.11
CFRC 24	ox	14	16	2	1.10	0.87
CFRC 25		no significant intersection				

zones. The southern zone of mineralisation which extends from Section 5100N to 5175N and contains the bulk of the resource and appears to be separated from the northern zone, intersected only on Section 5200N, by a fault. This fault is interpreted to be relatively flat lying and to dip south, cutting the mineralisation off at approximately 20 metres depth on Section 5154N. This interpreted fault severely limits the ore potential at depth (see figure 16). No mineralisation was detected in drilling south of Section 5096N or north of 5200N.

The observed mineralisation at the surface corresponds closely with rocks mapped in the costeans as ferruginous and chloritic altered rocks, interpreted by KDPL (responsible for the costeaning program) as altered dolerite. The drilling however did not find evidence to support this association of mineralisation with altered dolerite. Logging of chips indicates that the host rock is a propylitically altered andesitic volcanic. No evidence of dolerite was found in drilling. Near complete oxidation has taken place above 20 metres. Below this depth the mineralisation is often associated with pyritic zones (up to 30%) though the best gold values do not necessarily correlate with the high pyrite zones.

The geometry of the ore zone at the southern end varies considerably from that at the north. On Section 5100N the ore is confined to a single narrow zone (up to 4 metres in width) with a steep easterly dip. Twenty-five metres to the north a number of steep sub parallel zones are recognised ranging from 1 to 4 metres thick and with grades from 1 g/t Au to 10 g/t Au. These lie within an overall envelope of mineralisation grading generally greater than 0.5 g/t Au. The envelope defines a steeply dipping zone approximately 30 metres wide at the surface narrowing to 10 metres wide at 50 metres depth. On Section 5150N mineralisation does not extend beneath 20 metres depth with the high gold grades cut by costean E not being reflected by the drilling. As noted this is interpreted to be due to faulting of the mineralisation. A similar picture emerges on Section 5175N though in this case no values were recorded in drilling despite an intersection of 13m at 3.4% Cu in costean F. The high values at surface on Section 5175N and 5150N are presumed to relate to surface enrichment.

The northern zone of mineralisation has been intersected only on Section 5200N. Mineralisation here is of higher grade and shows different geometry. The main ore zone, shows a steep easterly dip to approximately 25 metres depth and thence reversal to a westerly dip of 45°. Patchy low grade mineralization occurs in the "hangingwall" ie west of the Main Lode on this section.

6. Resource Estimate

A preliminary resource calculation has been completed for the Copperflower Prospect based on drilling and costeaning results.

Assumptions used in this estimate are summarised below:

a) A cut off grade of 0.5 g/t Au has been applied, though mineralisation where the Au content is less than this figure is included if Cu is 1.0% or greater.

b) Resources have been separately estimated for the oxide and sulphide mineralisation. In the absence of any data, nominal specific gravities of 2.3 for oxide mineralisation and 2.7 for sulphide ore have been used.

c) Volumes were estimated by projecting the area contained within the cut-off boundary on each section halfway to the adjacent section. Grade was estimated by a simple weighted average (with no cutting) of all assays occurring within the nominated outline.

d) Reserves are calculated to a depth of -50m except where drilling indicates a closing off of the mineralised zone above this.

e) The low grade mineralisation on Section 5200N has been estimated separately.

The results are presented in Table 2.

7. Conclusions

Exploration at Copperflower has demonstrated the presence of a small gold/copper resource of 116,000 tonnes at approximately 2 g/t Au and 1% Cu to a depth of 50 metres. Of this resource 46,250 tonnes is oxidised. Mineralisation is irregular and appears to be cut by at least one major fault.

Table 2

Copperflower Resources

	Section No	Tonnes	g/t Au	% Cu
Southern Zone Oxide				
	5096	2,732	1.15	0.88
	5122	20,012	1.72	2.07
	5152.5	18,164	1.91	1.35
	5175	0	0	0
subtotal		40,909	1.77	1.67
Sulphide				
	5096	5,322	2.00	1.46
	5122	42,333	1.74	0.51
	5152.5	0	0	0
	5175	0	0	0
subtotal		47,654	1.77	0.62
TOTAL		88,563	1.77	1.11
Northern Zone Oxide				
	5204	5,348	3.69	0.97
Low Grade Oxide				
	5204	15,468	0.91	0.45
subtotal		20,815	1.62	0.58
Sulphide				
	5204	22,478	2.42	0.58
TOTAL (inc. low grade)		43,293	2.04	0.58
TOTAL (exc. low grade)		27,825	2.66	0.66
SUMMARY				
Total Oxide (exc. low grade)		46,256	1.99	1.59
Total Sulphide		70,132	1.98	0.61
TOTAL (exc. low grade)		116,388	1.98	1.00
Low grade oxide		15,468	0.91	0.45
TOTAL (inc. low grade)		131,856	1.86	0.93

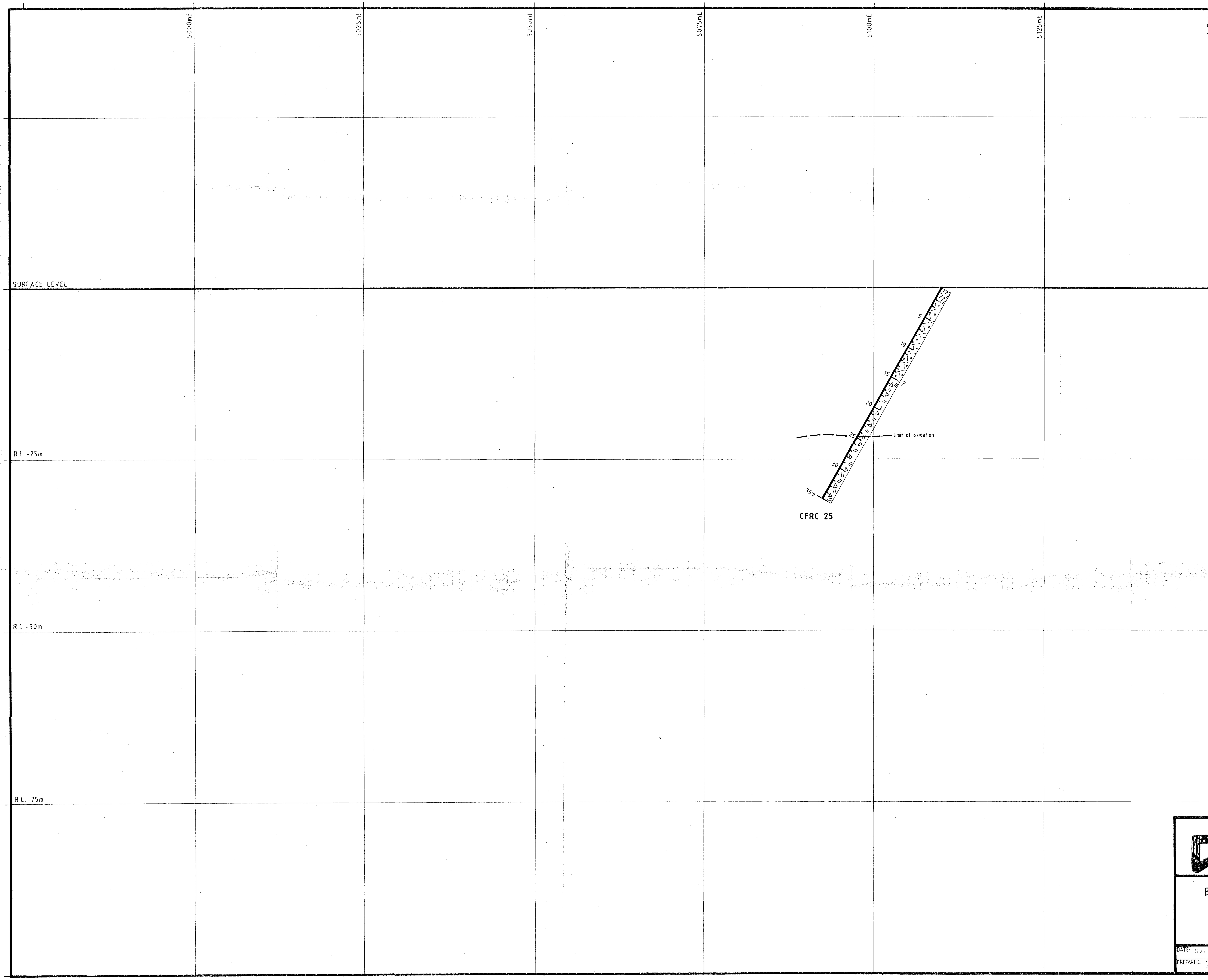
While the identified resource appears too small and the grade too low to develop a viable operation, it is considered that the following options are available to the Joint Venture.

1. Complete a prefeasibility study into the setting up a stand alone CIP (?) or heap leach operation. This could consider either the oxide ore alone or both the oxide and the sulphide ore. Metallurgical studies are required to assess the effect of the high copper grades on gold extraction, whether the copper can be extracted, and whether the sulphide ore presents treatment problems.
2. Continue exploration to attempt to locate further reserves.
3. Sell or otherwise dispose of the property.

It is proposed that these options be discussed at the next Joint Venture meeting.

8. Recommendation

All of the above options require that tenure be maintained. As the Licence expires on 20 March 1990, it is recommended that sufficient area around Copperflower be pegged as Mineral Claims to ensure that any of the above options can be implemented if agreed to.



Soils, clays, alluvial cover.

Weathered zone, clays and rock fragments

Pyrite? Supergene pyrite layer (fine grained granular pyrite).

Alteration overprint. Minerals may include epidote-chlorite-calcite/hematitic silica-pyrite-talc.

Quartz-hematite rock-?Banded Iron Formation.

Lithic, tuffaceous lithology, meta quartz wacke.

Andesite-microcrystalline porphyritic andesite-dark green, fine grained.

Porphyritic microdiorite-commonly mottley red-black-grey green fine grained-equigranular rock, -brown-pink cherty silica common.

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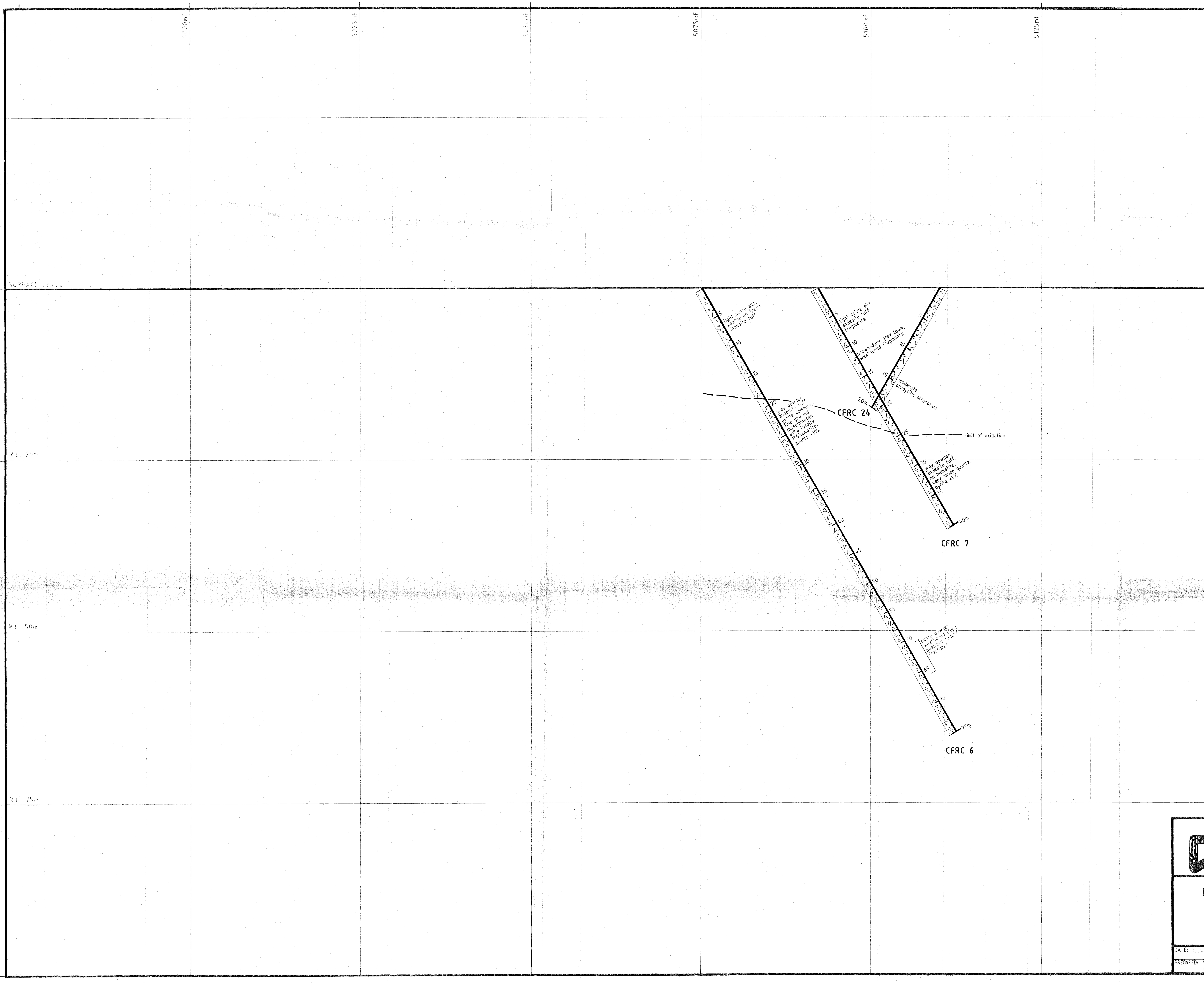
LIMITED

EVA VALLEY JOINT VENTURE
COPPERFLOWER PROSPECT
GEOLOGY SECTIONS
5075 N

DATE: NOV 87	SCALE: 1:250	PLAN Nº FIG.1
PREPARED: K.A.M.	DRAWN: J.P.R.	SHEET Nº



Soils, clays, alluvial cover.

Weathered zone, clays and rock fragments

Pyrite? Supergene pyrite layer (fine grained granular pyrite).

Alteration overprint. Minerals may include epidote-chlorite-calcite/hematitic silica-pyrite-talc.

Quartz-hematite rock-?Banded Iron Formation.

Lithic, tuffaceous lithology, meta quartz wacke.

Andesite-microcrystalline porphyritic andesite-dark green, fine grained.

Porphyritic microdiorite-commonly mottley red-black-grey green fine grained-equigranular rock, -brown-pink cherty silica common.

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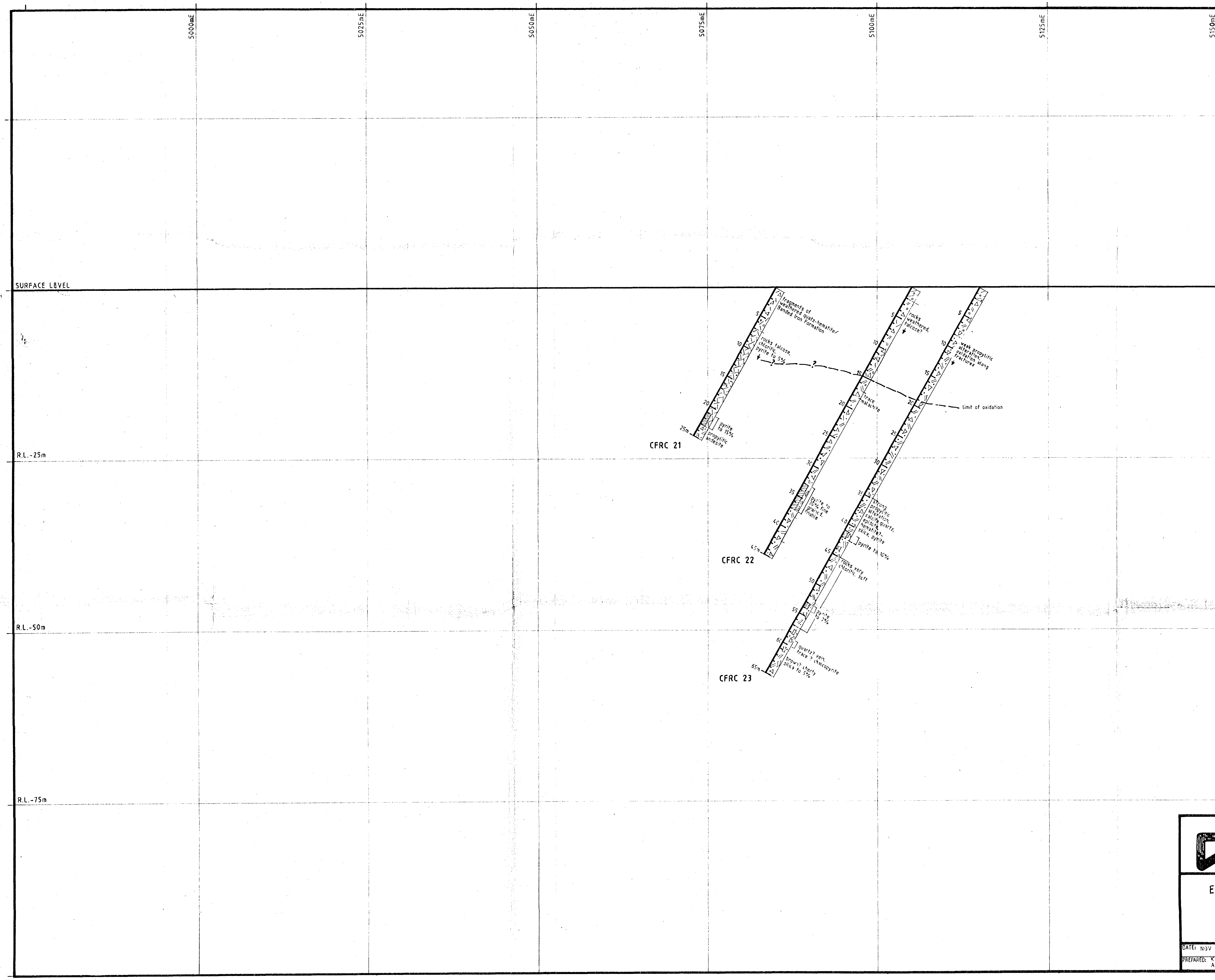
EVA VALLEY JOINT VENTURE
COPPERFLOWER PROSPECT
GEOLOGY SECTIONS
5096 N

DATE:	SCALE: 1:250	PLAN Nº FIG. 2
PREPARED:	DRAWN: J.P.R.	SHEET Nº



Soils, clays, alluvial cover.

Weathered zone, clays and rock fragments

Pyrite? Supergene pyrite layer (fine grained granular pyrite).

Alteration overprint. Minerals may include epidote-chlorite-calcite/hematitic silica-pyrite-talc

Quartz-hematite rock-?Banded Iron Formation.

Lithic, tuffaceous lithology, meta quartz wacke.

Andesite-microcrystalline porphyritic andesite-dark green, fine grained.

Porphyritic microdiorite-commonly mottley red-black-grey green fine grained-equigranular rock, -brown-pink cherty silica common.

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EVA VALLEY JOINT VENTURE
COPPERFLOWER PROSPECT
GEOLOGY SECTIONS
5122N

DATE: NOV 89	SCALE: 1:250	PLAN Nº FIG. 3
PREPARED: K.A.M. A.L.	DRAWN: J.P-R.	SHEET Nº

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EVA VALLEY JOINT VENTURE
COPPERFLOWER PROSPECT
GEOLOGY SECTIONS
5152.5N

DATE: NOV 89	SCALE: 1:250	PLAN Nº FIG.4
PREPARED: K.A.M. A.L.	DRAWN: J.P-R.	SHEET Nº

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EVA VALLEY JOINT VENTURE
COPPERFLOWER PROSPECT
GEOLOGY SECTIONS.
5179 N

DATE: NOV 89	SCALE: 1:250	PLAN Nº FIG. 5.
PREPARED: K.A.M. A.L.	DRAWN: J.P-R.	SHEET Nº

Soils, clays, alluvial cover.

Weathered zone, clays and rock fragments

Pyrite? Supergene pyrite layer (fine grained granular pyrite)

Alteration overprint. Minerals may include epidote-chlorite-calcite/hematitic silica-pyrite-talc.

Quartz-hematite rock-?Banded Iron Formation

Lithic, tuffaceous lithology, meta quartz wacke.

Andesite-microcrystalline porphyritic andesite-dark green, fine grained

Porphyritic microdiorite-commonly mottley red-black-grey green fine grained-equigranular rock, -brown-pink cherty silica common

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EVA VALLEY JOINT VENTURE
COPPERFLOWER PROSPECT
GEOLOGY SECTIONS
5200 N

DATE: NOV. 89	SCALE: 1:250	PLAN Nº FIG.G
PREPARED: K.A.M. A.L.	DRAWN: J.P-R.	SHEET Nº

5000mE
5025mE
5050mE
5075mE
5100mE
5125mE
5150mE
SURFACE LEVEL
R.L.-25m
R.L.-50m
R.L.-75m
weak alteration-quartz and hematite-silica. weak oxidation along fractures
weak oxidation weak alteration, browny chert/silica
weak oxidation along fractures
moderate alteration. epidote, ?chlorite, pyrite, quartz
limit of oxidation
35m
50m
75m
CFRC 10
CFRC 9
CFRC 8
Soils, clays, alluvial cover
Weathered zone, clays and rock fragments
Pyrite? Supergene pyrite layer (fine grained granular pyrite).
Alteration overprint. Minerals may include epidote-chlorite-calcite/hematitic silica-pyrite-talc
Quartz-hematite rock-?Banded Iron Formation.
Lithic, tuffaceous lithology, meta quartz wacke.
Andesite-microcrystalline porphyritic andesite-dark green, fine grained.
Porphyritic microdiorite-commonly mottley red-black-grey green fine grained-equigranular rock, -brown-pink cherty silica common.
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EVA VALLEY JOINT VENTURE
COPPERFLOWER PROSPECT
GEOLOGY SECTIONS
5225N
DATE: NOV. 89
SCALE: 1:250
PLAN Nº FIG.7
PREPARED: K.A.M. A.L.
DRAWN: J.P-R.
SHEET Nº


5000mE
5025mE
5050mE
5075mE
5100mE
5125mE
5150mE
SURFACE LEVEL
COSTEAN B
06/04
07/02
01/03
02/04
06/04
67/08
17/12
16/20
CFRC 25
R.L.-25m
R.L.-50m
R.L.-75m
LEGEND
Costean assay results
Au/gt
Cu%
Drillhole assay results
denehurst
LIMITED
EVA VALLEY JOINT VENTURE
COPPERFLOWER PROSPECT
DRILL SECTION
5075N
DATE: NOV 89
SCALE: 1:250
PLAN Nº FIG. 8
PREPARED: K.A.M. A.L.
DRAWN: J.P-R
SHEET Nº


5000mE
5025mE
5050mE
5075mE
5100mE
5125mE
5150mE
SURFACE LEVEL
R.L.-25m
R.L.-50m
R.L.-75m
COSTEAN C
(projected from 5100N)
limit of oxidation
CFRC 24
CFRC 7
CFRC 6
LEGEND
Costean assay results
Au/gt Cu% Drillhole assay results
denehurst
LIMITED
EVA VALLEY JOINT VENTURE
COPPERFLOWER PROSPECT
DRILL SECTIONS:
5096N
DATE: NOV 89
SCALE: 1:250
PLAN Nº FIG. 5
PREPARED: K.A.M. A.L.
DRAWN: J.P.R.
SHEET Nº

5000mE
5025mE
5050mE
5075mE
5100mE
5125mE
5150mE
SURFACE LEVEL
R.L.-25m
R.L.-50m
R.L.-75m
COSTEAN D
(projected from 5125N)
limit of oxidation
CFRC 21
CFRC 22
CFRC 23
LEGEND
Costean assay results
Drillhole assay results
Au/gt
Cu%
denehurst
LIMITED
EVA VALLEY JOINT VENTURE
COPPERFLOWER PROSPECT
DRILL SECTIONS:
5122N
DATE: NOV 89
SCALE: 1:250
PLAN Nº FIG.10
PREPARED: K.A.M. A.L.
DRAWN: J.P-R.
SHEET Nº


5000mE
5025mE
5050mE
5075mE
5100mE
5125mE
5150mE
COSTEAN E
(projected from 5150N)
SURFACE LEVEL
R.L. -25m
R.L. -50m
R.L. -75m
limit of oxidation
CFRC 17
CFRC 18
CFRC 19
CFRC 20
CFRC 4
CFRC 5
CFRC 3
LEGEND
Au/gt
Cu%
Costean assay results
Au/gt
Cu%
Drillhole assay results
denehurst
LIMITED
EVA VALLEY JOINT VENTURE
COPPERFLOWER PROSPECT
DRILL SECTIONS:
5152.5N
DATE: NOV 89
SCALE: 1:250
PLAN No FIG-11
PREPARED: K.A.M. A.L.
DRAWN: J.P.R.
SHEET No


5000mE
5025mE
5050mE
5075mE
5100mE
5125mE
5150mE
COSTEAN F
(projected from 5175N)
SURFACE LEVEL
R.L.-25m
R.L.-50m
R.L.-75m
CFRC 14
CFRC 15
CFRC 16
LEGEND
Au/gt
Cu%
Costean assay results
Au/gt
Cu%
Drillhole assay results
denehurst
LIMITED
EVA VALLEY JOINT VENTURE
COPPERFLOWER PROSPECT
DRILL SECTIONS:
5179N
DATE: NOV 89
SCALE: 1:250
PLAN Nº Fig.12
PREPARED: K.A.M. A.L.
DRAWN: J.P-R.
SHEET Nº


5000mE
5025mE
5050mE
5075mE
5100mE
5125mE
5150mE
COSTEAN G
(projected from 5200N)
SURFACE LEVEL
R.L.-25m
R.L.-50m
R.L.-75m
limit of oxidation
CFRC 13
CFRC 2
CFRC 12
CFRC 1
CFRC 11
LEGEND
Costean assay results
Au/gt Cu% Drillhole assay results
denehurst LIMITED
EVA VALLEY JOINT VENTURE
COPPERFLOWER PROSPECT
DRILL SECTIONS:
5204N
DATE: NOV. 89
SCALE: 1:250
PLAN No. FIG.13
PREPARED: K.A.M. A.L.
DRAWN: J.P-R.
SHEET No.

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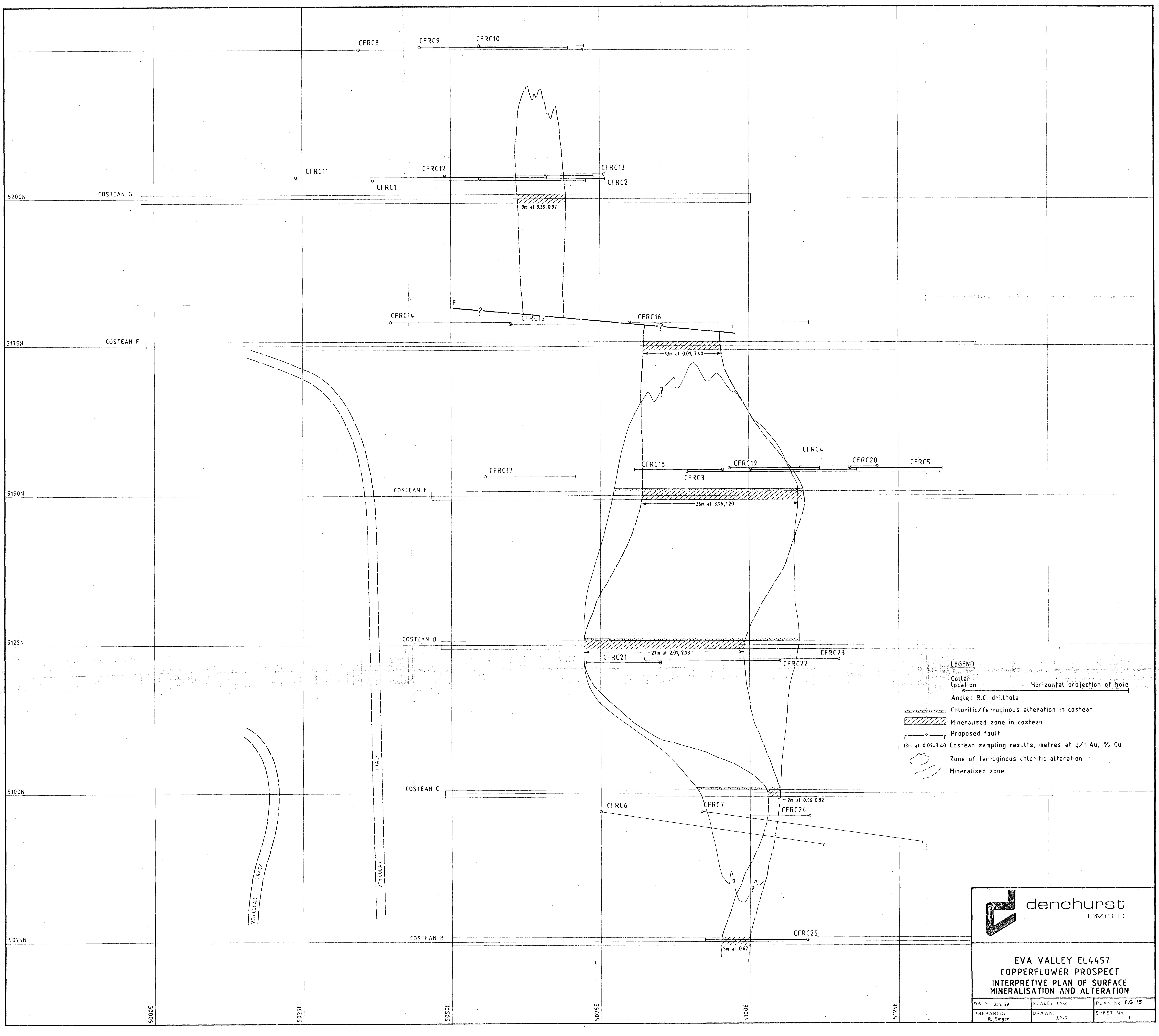
EVA VALLEY JOINT VENTURE
COPPERFLOWER PROSPECT
DRILL SECTIONS:
5225N

DATE: NOV 89	SCALE: 1:250	PLAN No FIG. 14
PREPARED: K.A.M. A.L.	DRAWN: J.P-R.	SHEET No



CFRC8
CFRC9
CFRC10
CFRC11
CFRC12
CFRC13
CFRC1
CFRC2
5200N
COSTEAN G
9m at 3.35, 0.97
F
?
CFRC14
CFRC15
CFRC16
F
5175N
COSTEAN F
13m at 0.09, 3.40
?
CFRC4
CFRC18
CFRC19
CFRC20
CFRC5
CFRC17
CFRC3
5150N
COSTEAN E
36m at 3.96, 1.20
5125N
COSTEAN D
27m at 2.09, 2.93
CFRC23
CFRC21
CFRC22
LEGEND
Collar location
Horizontal projection of hole
Angled R.C. drillhole
Chloritic/ferruginous alteration in costean
Mineralised zone in costean
F ? F
Proposed fault
13m at 0.09-3.40
Costean sampling results, metres at g/t Au, % Cu
Zone of ferruginous chloritic alteration
Mineralised zone
TRACK
VEHICULAR
5100N
COSTEAN C
2m at 0.76 0.82
CFRC6
CFRC7
CFRC24
VEHICULAR TRACK
?
?
5075N
COSTEAN B
CFRC25
5m at 0.67
5000E
5025E
5050E
5075E
5100E
5125E
denehurst
LIMITED
EVA VALLEY EL4457
COPPERFLOWER PROSPECT
INTERPRETIVE PLAN OF SURFACE
MINERALISATION AND ALTERATION
DATE: Jan. 89
SCALE: 1:250
PLAN No FIG. 15
PREPARED: R. Singer
DRAWN: J.P-R.
SHEET No. 1


SURFACE LEVEL
COSTEAN B
COSTEAN C
COSTEAN D
COSTEAN E
COSTEAN F
COSTEAN G
2m at 0.96, 0.82
27m at 2.09, 2.93
26m at 3.96, 1.20
13m at 0.09, 3.40
9m at 3.35, 0.97
CFRC25 NI
CFRC16 NI
CFRC19 9m at 0.07, 1.20
CFRC4 18m at 1.59, 1.35
CFRC3 18m at 1.09, 1.66
CFRC21 25m at 1.54, 0.55
CFRC24 2m at 1.10, 0.87
CFRC13 8m at 3.60, 0.84
CFRC18 weak copper
CFRC7 13m at 1.70, 1.24
CFRC2 7m at 1.63, 0.28
CFRC10 NI
-25m
CFRC22 15m at 1.99, 0.78
CFRC12 8m at 2.04, 0.45
CFRC11 4m at 1.44, 0.26
CFRC15 NI
CFRC23 13m at 1.59, 0.19
CFRC9 NI
CFRC11 4m at 1.44, 0.26
-50m
50
CFRC6 NI
CFRC5, 17, 20 off section
CFRC14 off section
CFRC8 NI
F
F
?
Costean intersection
RC drillhole (mineralised) with intersection in metres at g/t Au, % Cu
RC drillhole with no intersection
Boundary to mineralisation
F ? F Inferred fault
5075N
5100N
5125N
5150N
5175N
5200N
5225N
denehurst LIMITED
EVA VALLEY EL4457
COPPERFLOWER PROSPECT
LONGITUDINAL PROJECTION
DATE: Jan. 89
SCALE: 1:250
PLAN Nº FIG-16
PREPARED: R.P.Singer
DRAWN: J.P.-R.
SHEET Nº